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ABSTRACT

This report presents data from 1999 surveys of people living in Chicago shelters and warming centers for families with children. The surveys asked about the impacts of welfare reform on respondents' lives. Researchers also surveyed housing and food assistance agencies, shelters, and other social service agencies. Of 481 families surveyed, 44 percent had cash assistance benefits stopped or reduced, and 85 percent of those families experienced those cuts since welfare reform implementation in Illinois. About 37 percent believed they became homeless because of welfare reform, and 34 percent gave becoming employed as the main reason for losing benefits (though 82 percent of those who had become employed no longer worked). About 33 percent had no source of income, and of those, 43 percent had no Food Stamps or Medicaid, 60 percent had been cut off of Temporary Assistance for Needy Families (TANF), 35 percent had been turned down for TANF, and 17 percent had been turned down for Food Stamps. Results suggest that a work first philosophy of pushing people immediately into employment will not transition people off welfare permanently. Instead, it is causing increased homelessness and creating additional barriers to transitioning from welfare to work. (SM)

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FAMILIES HARDEST HIT:

Effects of welfare reform

on homeless families

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CHICAGO COALITION FOR THE HOMELESS

In collaboration with the National Welfare Monitoring and Advocacy Partnership

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A 1999 survey of 481 families living in homeless shelters in Chicago gathered information about the impacts of welfare reform on these families' lives. The results indicate that families are becoming homeless because of changes in welfare law that have led to an increase in lost benefits and a policy of pushing people into work without proper preparation or adequate supports.

Key Findings:

Of homeless families surveyed:

44% had cash assistance benefits stopped or reduced.
- 85% of those families experienced those cuts since welfare reform implementation in Illinois.

37% believed they became homeless as a result of welfare reform.

34% gave getting a job as the most common reason for losing benefits, yet 82% of those who had gotten a job were no longer working.

33% had no source of income at all. Of those:
- 43% had no Food Stamps or Medicaid.
- 60% had been cut off of TANF.
- 35% had been turned down for TANF.
- 17% had been turned down for Food Stamps.

The survey results point to the fact that a "work first" philosophy of pushing people immediately into employment is not a strategy that will transition people off welfare permanently. Instead, it is resulting in increased homelessness and creating additional barriers to making the transition from welfare to work. To move off welfare and stay off, families need an array of supports before, during, and after the transition that they can access to help them obtain and maintain stable employment.

FAMILIES HARDEST HIT:
Effects of welfare reform on homeless families

History of the Project

In response to federal welfare legislation passed in 1996, many agencies and service providers nationwide began informal monitoring of the effects of the new policies. Alarmed at what they saw, advocates and providers held a summit in Chicago in May 1998 to discuss the creation of an advocacy agenda based on the findings. More than 100 people from 27 states attended the summit. Participants clearly wanted local, state, and national organizations to work collaboratively to assist local monitoring, organizing, and advocacy activities. This consensus spurred the creation of the National Welfare Monitoring and Advocacy Partnership (NWMAP).

NWMAP is a collaboration of organizers, advocates, service providers, and researchers from across the nation who are concerned with the well-being of low-income people. NWMAP members created a uniform survey instrument to gather information on a host of Temporary Assistance for Needy Families (TANF)-related policy priorities, including which families are losing benefits and why, which are working, and which are experiencing hardships or improvements. The instrument was designed to support the monitoring of welfare reform at the community level in order to inform both grass-roots and national advocacy efforts and to build the capacity of local communities to advocate on their own behalf.

Chicago NWMAP Survey Project

In Chicago, the survey project specifically focused on the effects of welfare reform on homeless families. The Chicago Coalition for the Homeless had responsibility for the administration of this project in Chicago. The data contained in the following report were gathered from surveys of homeless families in Chicago throughout 1999. From 16 to 18 shelters participated each quarter. The total sample consisted of 481 adult heads of household with 1,109 children. A more detailed explanation of the methodology is included at the end of the report.

By focusing specifically on homeless families, this survey most likely represents those current or former TANF recipients who are least well off or who have been impacted the most negatively by changes in welfare law. This study provides an important perspective that differs from research done by the Illinois Department of Human Services (IDHS) or university research projects using a random sampling technique; it focuses on families who have been hardest hit and who may have fallen out of formal support systems. Adding this information to other research is important in order to get a full picture of how families have been affected by changes in the law.

Chicago NWMAP Survey Results

DEMOGRAPHICS

The homeless families interviewed mostly consist of two or three people (52%), and another 28% reported four or five persons.

The median age of the head of household was 29.

Ninety-eight percent of the heads of household were female. Only 10 survey respondents were male.

Racial Makeup*	
A Black	81%
White	10%
C Hispanic	8%
Native American	4%
E Other	3%
Asian	0.4%

*Some respondents identified more than one race.

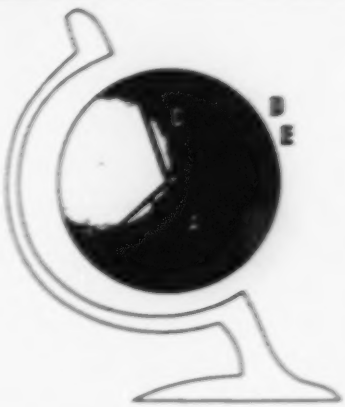
One respondent, Dorothy Best (not her real name), stated that "the system intimidates you even when you're doing the best you can." In fact, it was after her welfare worker failed to inform her about the need to fill out some required paperwork that she and her family became homeless. Because Dorothy was unaware of the need to fill out the paperwork, her TANF was reduced and then stopped for periods of time. During these periods, she was unable to pay rent, leaving her and her five children homeless and splitting the family apart. At the emergency family shelter, Dorothy's 17-year-old son was not allowed to stay with her, leaving him to fend for himself on the streets.

CHILDREN

In this study, 1,109 children were represented, an average of 2.3 children per family; 41% of the children were ages 0–5 years, and 85% were under age 12. The numbers and percentages by age are as follows:

0–1	2% (23)
1–3	27% (303)
4–5	12% (136)
6–12	34% (378)
13–18	12% (131)

EDUCATION



Education		
A	Had not graduated from high school	42%
	Had a high school diploma or GED	31%
C	Had some college	23%
	Had two-year or four-year college degree	3%
E	Other	3%

TANF LOSS AND HOMELESSNESS

One important question this research sought to answer is, Are people becoming homeless as a result of welfare reform? Although it is difficult to correlate exactly a change in federal or state policy and a person's reason for becoming homeless, some strong evidence suggests that changes in welfare policy have had an impact on homelessness. A significant portion of the homeless families in the study sample had lost their welfare benefits.

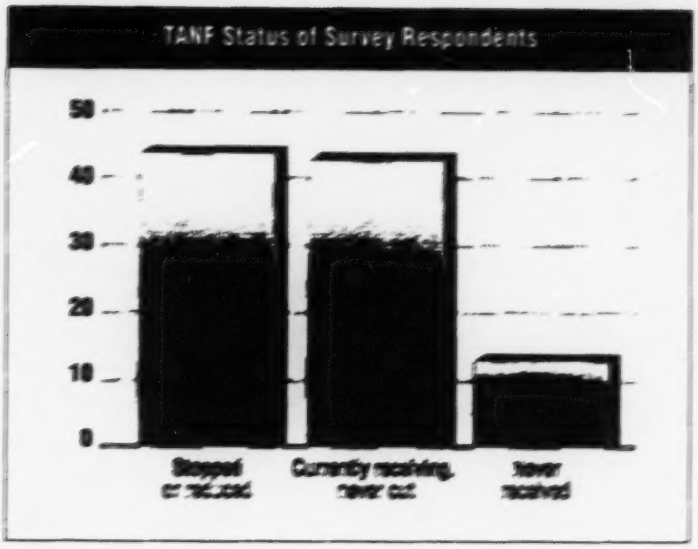
Of the 481 families in the study:

13%	(60) Had never received welfare
43%	(206) Were currently receiving TANF and had never had benefits stopped or reduced
44%	(212) **Had their welfare benefits stopped or reduced** (of those, 6% were currently receiving some benefits)

Of the total sample, 12% were working. Working families are included in the categories above.

Of those who had benefits stopped or reduced, 85% experienced the reduction since the implementation of welfare reform in Illinois.

In addition to asking about loss of benefits, the survey questioned respondents about impacts on their life that they believed to be a result of welfare reform. This was defined as loss of benefits, new rules, or new services. Of all homeless



families interviewed, the following percentages believed that, **as a result of welfare reform, they did the following:**

37%	Became homeless
28%	Moved in with others or had others move in to help pay rent
21%	Couldn't pay rent
21%	Couldn't buy food
15%	Couldn't pay other bills
13%	Had child change schools
8%	Were evicted

Some positive impacts of welfare reform were also felt. Although the percentages are lower, some families did feel that the changes helped them to get a job and feel better. As a result of welfare reform, in their opinion:

11%	Got a job
12%	Felt better about themselves
13%	Felt child is happier

LACK OF MEDICAL COVERAGE

One concern of advocates is that families who lose their cash assistance are also losing their Medicaid coverage in error.

In the survey sample, 55% of those whose TANF cash assistance stopped were no longer receiving Medicaid. Of those working, 35% were not receiving Medicaid. Whether they lost benefits due to earned income or other reasons, most families interviewed should still have remained eligible for medical coverage.

In addition, 25% of those receiving TANF cash assistance reported that they were not receiving Medicaid. Although they likely were in the system because those on TANF are automatically issued a medical card, they were probably not receiving their card and were therefore not aware of their eligibility.

In general in the sample:

60%	Were currently receiving Medicaid
4%	Were receiving medical coverage through work
26%	Reported not all members of the family had health insurance
20%	Had no health insurance for the head of household
18%	Had no health insurance for one or more children

Of those who had no Medicaid, 35% stated they could not pay for healthcare for themselves in the past six months, and 27% believed that their inability to pay resulted from welfare reform.

LOSS OF FOOD STAMPS

Many of those who had lost their TANF cash assistance had also lost their Food Stamps. Of those 150 people who had their welfare check stopped, 57% were no longer receiving Food Stamps.

Of those families that had lost Food Stamps, 51% couldn't buy food in the last six months, and 38% believed they couldn't buy food as a result of welfare reform.

REASONS FOR LOSS OF BENEFITS

Looking at the reasons for loss of benefits gives some insight into how these families may have become homeless. The most common reason given for having benefits stopped or reduced was "Got a Job." Of those who lost benefits, 34% (72) identified a job as the reason for the reduction in their benefits. However, of those 72 people, 82% were not currently working. Furthermore, with the exception of one case, none had had benefits restored.

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Sharon Jones (not her real name) is the mother of two children. She was receiving TANF and entered a job training program. Through the program, she found a job and notified her caseworker right away. She was barely through her first week of training on the job when she received a letter saying her check would be decreased. Soon after this, her daughter became very sick, and Sharon wasn't able to continue working. When she called her caseworker to explain, she was told that her case had been canceled, she would have to come in and reapply, and it would take at least 45 days before she would receive any benefits. She was left with nothing and does not know how she will feed her family or stay housed.

The other most frequently identified reasons for having benefits stopped or reduced were:

27%	Welfare office made a mistake
24%	Missed appointment
19%	Paperwork problem
16%	Moved
5%	Don't know

Whether these families became homeless before or after losing their TANF benefits can't be determined. Nor can it be said that receiving TANF cash assistance prevents homelessness, since almost half the sample were receiving TANF at the time of the survey. However, the high percentage of those who lost benefits due to employment but were no longer working points to the instability people experience in moving from welfare to work. Such instability can certainly lead to homelessness.

Barriers to Employment

In 88% of the families interviewed, the head of household was not currently employed. However, 32% of them had been employed some time in the past six months. The barriers to employment identified by respondents were ones commonly reported by families moving from welfare to work. The survey did not ask why people who had been employed lost their job, but the barriers identified as to why they are not working give some insight into why people could not maintain employment.

44%	Childcare problem
35%	Need to care for my family
30%	Couldn't find a job
19%	Few job skills
19%	No way to get to work
16%	No address
12%	Health problem
10%	No telephone

Homelessness was not listed as a barrier on the survey. However, it does seem to create difficulty for families making the transition to work, because having no address and no telephone were identified as barriers.

Barriers Not Addressed by Caseworkers

% not receiving assistance from caseworker with needed service	SERVICE NEED	% of those not receiving assistance, % citing need as barrier to employment
48%	Transportation	29%
43%	Job training and education	25% *(lack of skills)* 17% *(lack of education)*
40%	Childcare	60%
40%	Help finding a job	41% *(couldn't find job)*
25%	Mental health counseling	16%
24%	Domestic violence issues	8%
20%	Health insurance	9% *(physical health problem)* 6% *(mental health problem)*

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Although respondents experienced the above as barriers to work, the survey showed that, in many instances, caseworkers were not providing assistance in those areas. Respondents were asked whether they received help in a variety of areas and whether they needed that help. Often the services that were not offered were the exact needs cited as barriers to work. (See chart on previous page.)

Apparently a need exists for caseworkers to be more thorough in their initial evaluation of potential recipients. In order for welfare recipients to be able to carry out their work obligations, caseworkers must address the many issues impeding employment and the lack of access to resources in these areas.

How Are "Leavers" Faring?

It is interesting to compare those families in the NWMAP survey who had left welfare to those in a study by IDHS. In 1999, IDHS released a report, "When Families Leave Welfare Behind," describing the characteristics of people who had left welfare. Their survey included 427 families statewide who had left welfare in December 1997 or June 1998. In both the IDHS and Chicago studies, the majority of leavers cited employment as the reason for leaving or getting cut off from welfare. In the Chicago survey, strong evidence suggests that families leaving welfare were not able to maintain that employment. In the IDHS study only 36.6% of families were employed continuously six-eight months after leaving.

The chart shown above gives a comparison of the results for the Chicago NWMAP and IDHS studies. The methodology was very different for the two studies. The NWMAP study interviewed only homeless families, so it clearly reached the people with the worst circumstances. The IDHS study took a random sample of welfare leavers, but interviews were conducted over the phone rather than in person, for a response rate of 30%. Their study reached only people with a certain level of stability, in that the respondents had a phone and could be reached at the number they were at when on TANF or could be located through directories. In addition, the IDHS sample was above average in the number of respondents that had a high school diploma. The true picture probably lies somewhere in between the two samples. The table above reflects people in both studies who had left welfare. However, the IDHS study looked only at people who had left during two specific months, and they had to have been off for at least two months.

Homeless Families (Chicago study)	General Welfare Leavers (IDHS study)
Average wage $7.65	Average wage $7.78
Averaged 25 hours per week working	Averaged 36–37 hours per week working
47% were receiving Medicaid; 6% had insurance through a job; 35% could not afford healthcare for themselves; 32% reported being unable to pay for healthcare for their children	70% had some medical coverage; 54% continued to receive Medicaid
43% were still receiving Food Stamps; 40% were unable to buy food	35% continued to receive Food Stamps; 25% could not buy food
3% were receiving childcare assistance; 33% could not pay for childcare in the last six months	36% were receiving childcare assistance; 31% had difficulty paying for childcare

Working But Not Making It

Despite the barriers, 12% of the sample were currently working. However, work was not enough to lift these families out of homelessness. The Illinois Department of Human Services reports that, for those who left welfare to go to work, hardship has declined, including inability to pay rent, utilities, and food. In the Chicago survey sample, however, the people who were currently working and not receiving TANF were significantly more likely than those currently on TANF to experience the following circumstances: (see below).

In terms of housing, in the last six months, NWMAP survey respondents that were working reported the following:

48%	Had to move in with others or have others move in to help pay rent
44%	Couldn't pay rent
43%	Had to move because they couldn't pay rent
39%	Were evicted

In addition to having rent problems, a significant number of working families reported having trouble meeting other basic expenses:

37%	Said paying bills is harder than before
35%	Couldn't pay other bills
20%	Lost transportation
15%	Couldn't buy food

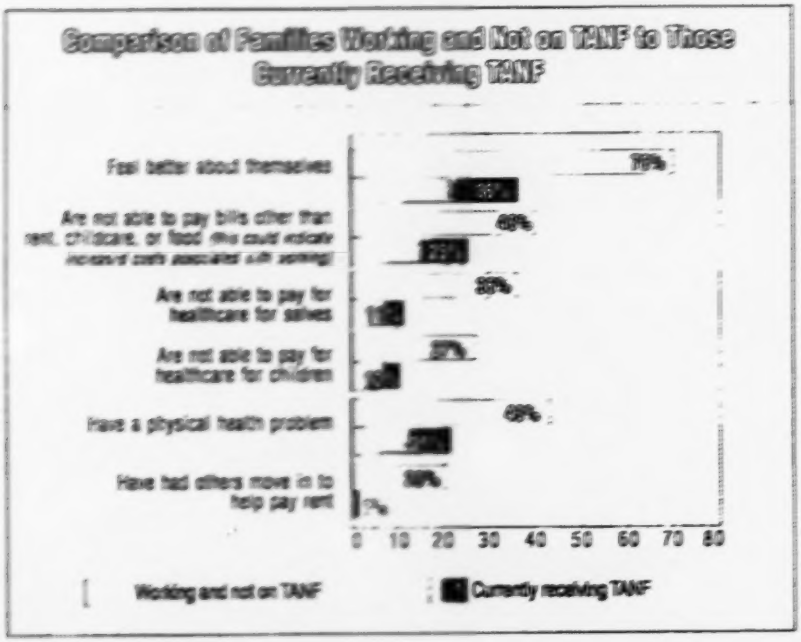
Although work does improve self-esteem, clearly gaps in the safety net occur for families who leave welfare or are in the process of leaving welfare. Many seek help from sources other than government agencies. In the previous six months, working respondents had sought assistance from the following:

75%	Religious groups
36%	Family/friends
35%	Food bank/pantry
35%	Shelter
15%	Free health clinic

IDHS reports that the use of informal resources and supports changed little from before to after welfare. The Chicago NWMAP study also did not show a significant difference in asking for informal supports between those who were working and those who were still on TANF. The lack of difference or change in both cases is important because it shows that working does not necessarily increase self-sufficiency.

EFFECTS ON CHILDREN

As one of the most vulnerable segments of the population, children tend to suffer the most from poverty and homelessness. The uncertainty of an unstable living situation affects them the most. Twenty-eight percent of the families reported that their child had to change schools because the family moved, and 26% reported that their families had been split up within the past six months. A small number—3%—reported that their child had been placed in foster care. One percent reported being reunited with their child. The need to care for their children is frequently a problem for parents who want to work: 32% of employed parents reported that they could not pay for childcare at some point within the previous six months. Childcare problems and a need to care for the family were the two most common reasons cited by families who were not working.


Comparison of Families Working and Not on TANF to Those Currently Receiving TANF
Feel better about themselves
Are not able to pay bills other than rent, childcare, or food (this could include increased costs associated with working)
Are not able to pay for healthcare for selves
Are not able to pay for healthcare for children
Have a physical health problem
Have had others move in to help pay rent
79%
69%
38%
37%
69%
38%
1%
0 10 20 30 40 50 60 70 80
Working and not on TANF
Currently receiving TANF

THOSE WHO HAVE *NO* INCOME

In the sample, 146 people or 33% reported that they currently do not receive any formal source of income. That is, they did not receive income from any of the following sources: work, TANF, child support, SSI, SSDI, veteran's benefits, unemployment, or general assistance. Of the recipients with no income, 55% also had no Food Stamps, and 59% had no Medicaid; 43% had no Food Stamps and no Medicaid.

Of these families, 25% had never received a welfare check, and 60% had been completely cut off of TANF. Of those who had had their welfare check stopped, the most commonly cited reasons why were:

38%	Got a job
23%	Missed appointment
22%	Welfare office made a mistake
17%	Got more money from my job
17%	Moved
14%	Paperwork problem

Of those with no income, these percentages applied but got turned down for the following benefits:

35%	TANF
17%	Food Stamps
10%	Medicaid
6%	SSI
6%	Unemployment
4%	SSDI

The high percentage of those with no income who were turned down for TANF and Food Stamps is difficult to explain, since almost all should have been eligible. Possibly it could indicate a policy of "diversion," where IDHS offices discourage people from applying for benefits.

Agenda for Advocacy: Action Recommendations

The survey results indicate that a "work first" philosophy of pushing people immediately into employment is not a strategy that will transition people off welfare permanently. In fact, in cases where the ultimate result is homelessness, additional barriers are created that make the transition even more difficult for families. Eliminating policies that lead to families becoming homeless should be a top priority of IDHS.

The survey brings to light two ways that families are being negatively impacted by welfare reform. One group of families found employment but lost their safety net before they were stable in that employment. Another group lost benefits for a variety of reasons other than earned income and have been left with nothing. In both cases, it is very difficult for families to get back on TANF because of a policy of diversion in IDHS offices that discourages people from applying and creates "pending application" requirements that are difficult to follow. To prevent families from becoming homeless, they should not be left without resources as they attempt to make a difficult transition. **RECOMMENDATION: Until they have successfully transitioned to self-sufficiency, families should have immediate and continuous access to benefits for which they are eligible.**

To move off welfare and stay off, families need an array of supports that they can access in order to keep them stable in employment. Of particular importance to families in the study was continuation of medical coverage. The fact that 43% of working parents had a physical health problem compared to 21% still on TANF could indicate that decreased access to health benefits can let less serious health problems become more serious. These health problems could then interfere with one's ability to work. Currently the state has a health insurance program for the children of working poor parents (KidCare), but there is no coverage for adults. Such coverage needs to be extended to the parents. Transportation assistance is another type of support that families

need to stay stable in employment. Although some help is available, many families do not receive it (48% who needed it), and it is not adequate to cover the full cost of transportation. A third area of support needed is housing assistance. Families surveyed struggled with housing cost whether they were working or still receiving TANF. Housing assistance can help families stabilize and improvetheir ability to obtain and maintain employment.
RECOMMENDATION: Increased resources for health insurance, transportation assistance, and housing assistance.

In addition, existing supports need to be better utilized. For example, since welfare reform was implemented in 1996, Illinois has revamped its subsidized childcare system, eliminating long waiting lists. In fact, Illinois drastically increased the budget for these services, from $90 million to $648 million in the past four years. However, that many eligible families in Illinois are not currently receiving these services points to a lack of knowledge and/or barriers to accessing the system. In the sample, only 11% of those working were receiving assistance with childcare payments. The study also found that eligible families were not receiving Food Stamps and Medicaid. Every effort must be made to keep people enrolled in programs for which they are eligible even if they lose cash assistance. In addition, many families that are working are still eligible for cash assistance through the Work Pays program. Many families in the survey who lost their cash assistance due to work should have continued receiving a check at some level.
RECOMMENDATION: Better utilization of existing supports including childcare assistance, Food Stamps, Medicaid, and Work Pays.

Third, real attempts must be made to address the barriers that are preventing people from working. For example, although 43% of the total sample indicated that they needed assistance with job training and education, only 15% were enrolled in job training, and only 2% were in a college program. Illinois exempts people from time limits and work requirements if they are enrolled in a college program and maintain a 2.5 grade point average. More than 2% of this population should have been encouraged to take advantage of this option. Also, the question referring to job training did not differentiate between "job readiness" skills, such as interviewing and resume writing, and "hard skills," such as learning a trade. Because many TANF families are enrolled in job readiness training, it is likely that few of the 15% receiving job training are actually learning a job-related skill. Hard skills training is an area with a significant need for more resources.
RECOMMENDATION: Increased access to and resources for higher education and skills training.

Another significant barrier that Illinois is not adequately addressing is domestic violence. The Family Violence Option is an option in federal law that gives states increased flexibility in applying work requirements to families impacted by domestic violence and allows states to avoid federal penalties. It also promotes better screening and increased access to services. Illinois has not adopted this option; IDHS states that domestic violence is already being screened for in local offices and appropriate referrals are made. However, a quarter of the respondents claimed they needed assistance with domestic violence issues and did not receive it.
RECOMMENDATION: Illinois should adopt the Family Violence Option.

Another needed support is increased access to unemployment insurance (UI). Thirty-six percent of the families surveyed who had no income had lost a job in the past six months, yet none were receiving UI. In the total sample, 112 (23%) of the families had lost a job in the past six months, and only 5 of those were receiving UI. If those families had been able to receive unemployment insurance, they may have avoided homelessness and could have stayed better connected to the labor force.
RECOMMENDATION: Increased eligibility for unemployment insurance.

For all of the families surveyed, homelessness has been a part of the picture. Although, as stated before, there is no way to know directly whether loss of benefits led to homelessness, the high correlation in this sample is worth noting. When families are showing up in homeless shelters, our system has clearly failed. As some families are finding success in their transition from welfare to work, we must pay special attention to the families that are not making it. These are the families we must be concerned about in the coming years as time limits are approaching. It is necessary to identify the worst-case scenario and to determine how to address the barriers in those cases to ensure that all families can move off TANF and escape poverty.

Survey Project Methodology

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